

## **Basic Financial Statements**

The basic financial statements for the City of Asheville consist of both entity-wide and fund financial statements.

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**CITY OF ASHEVILLE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

**Exhibit A**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental</b>	<b>Business-type</b>		<b>City of Asheville</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>ABC Board</b>
<b>ASSETS</b>				
Cash and investments	\$ 25,400,000	\$ 14,739,996	\$ 40,139,996	\$ 1,955,505
Receivables (net of allowance for uncollectibles)	11,660,963	5,326,138	16,987,101	1,310
Due from Component Unit	210,817	-	210,817	-
Internal balances	838,540	(838,540)	-	-
Inventories	785,227	64,361	849,588	1,134,223
Prepays	56,769	100,592	157,361	73,124
Restricted assets:				
Cash and investments	7,882,127	11,246,311	19,128,438	-
Capital assets:				
Land	20,620,738	9,158,238	29,778,976	943,299
Buildings and improvements	39,181,060	79,450,212	118,631,272	1,820,528
Machinery and equipment	26,736,590	12,386,069	39,122,659	518,920
Infrastructure	216,220,372	91,642,758	307,863,130	-
Construction in progress	6,508,303	4,183,876	10,692,179	-
Accumulated depreciation	(116,676,318)	(62,314,856)	(178,991,174)	(1,525,570)
Unamortized debt issuance cost	-	1,010,707	1,010,707	-
Total assets	<u>239,425,188</u>	<u>166,155,862</u>	<u>405,581,050</u>	<u>4,921,339</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	4,546,721	4,128,571	8,675,292	609,079
Customer deposits	-	416,968	416,968	-
Accrued interest payable	178,292	1,037,741	1,216,033	-
Due to primary government	-	-	-	210,817
Unearned revenue	373,050	361,377	734,427	-
Noncurrent liabilities:				
Due within one year	6,839,199	3,413,745	10,252,944	-
Due in more than one year	24,423,213	51,037,134	75,460,347	-
Total liabilities	<u>36,360,475</u>	<u>60,395,536</u>	<u>96,756,011</u>	<u>819,896</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	168,990,305	80,280,065	249,270,370	1,754,399
Restricted for:				
Employee paid health benefits	5,768,547	-	5,768,547	-
Working capital	-	-	-	2,272,610
Perpetual care:				
Nonexpendable	5,000	-	5,000	-
Unrestricted	28,300,861	25,480,261	53,781,122	74,434
Total net assets	<u>\$ 203,064,713</u>	<u>\$ 105,760,326</u>	<u>\$ 308,825,039</u>	<u>\$ 4,101,443</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities				
General government	\$ 14,782,234	\$ 8,001,445	\$ 3,431,223	\$ 65,000
Public safety	31,479,913	3,414,935	61,478	-
Highways and streets	22,398,691	-	2,370,775	-
Economic development	5,181,004	-	3,675,217	125,520
Culture and recreation	7,347,525	186,102	14,442	155,867
Interest on long term debt	1,181,798	-	-	-
Total governmental activities	<u>82,371,165</u>	<u>11,602,482</u>	<u>9,553,135</u>	<u>346,387</u>
Business-type activities				
Water resources	21,093,595	23,174,436	742,862	2,130,454
Civic Center	2,360,809	1,798,166	1,500	-
Festivals	1,067,019	701,097	-	-
Parking Services	1,363,805	2,519,574	-	-
Mass Transit	3,927,985	670,835	1,756,784	34,198
Total business-type activities	<u>29,813,213</u>	<u>28,864,108</u>	<u>2,501,146</u>	<u>2,164,652</u>
Total primary government	<u>\$ 112,184,378</u>	<u>\$ 40,466,590</u>	<u>\$ 12,054,281</u>	<u>\$ 2,511,039</u>
Component unit:				
ABC Board	16,498,346	16,535,535	-	-
Total component unit	<u>\$ 16,498,346</u>	<u>\$ 16,535,535</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Sales taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings & miscellaneous
- Gain on sale of capital assets

Transfers

- Total general revenues and transfers
- Changes in net assets
- Net assets - beginning (as restated)
- Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	City of Asheville ABC Board
\$ (3,284,566)	\$ -	\$ (3,284,566)	\$ -
(28,003,500)	-	(28,003,500)	-
(20,027,916)	-	(20,027,916)	-
(1,380,267)	-	(1,380,267)	-
(6,991,114)	-	(6,991,114)	-
(1,181,798)	-	(1,181,798)	-
(60,869,161)	-	(60,869,161)	-
-	4,954,157	4,954,157	-
-	(561,143)	(561,143)	-
-	(365,922)	(365,922)	-
-	1,155,769	1,155,769	-
-	(1,466,168)	(1,466,168)	-
-	3,716,693	3,716,693	-
(60,869,161)	3,716,693	(57,152,468)	-
-	-	-	37,189
-	-	-	37,189
35,078,520	-	35,078,520	-
14,544,576	-	14,544,576	-
8,257,483	-	8,257,483	-
222,192	-	222,192	-
2,407,551	-	2,407,551	-
96,803	34,549	131,352	94,500
(1,941,282)	1,941,282	-	-
58,665,843	1,975,831	60,641,674	94,500
(2,203,318)	5,692,524	3,489,206	131,689
205,268,031	100,067,802	305,335,833	3,969,754
\$ 203,064,713	\$ 105,760,326	\$ 308,825,039	\$ 4,101,443

**CITY OF ASHEVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

**Exhibit C**

<b>ASSETS</b>	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 22,636,499	\$ 2,763,501	\$ 25,400,000
Receivables (net of allowance for uncollectibles)	5,969,673	5,691,290	11,660,963
Due from other funds	935,444	-	935,444
Due from component unit	210,817	-	210,817
Inventories	785,227	-	785,227
Prepays	2,700	54,069	56,769
Cash -- restricted	6,484,784	1,397,343	7,882,127
<b>Total assets</b>	<b>\$ 37,025,144</b>	<b>\$ 9,906,203</b>	<b>\$ 46,931,347</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and other accrued liabilities	\$ 3,660,944	\$ 885,777	\$ 4,546,721
Due to other funds	-	96,904	96,904
Deferred revenue	186,575	4,386,417	4,572,992
Unearned revenue	373,050	-	373,050
<b>Total liabilities</b>	<b>4,220,569</b>	<b>5,369,098</b>	<b>9,589,667</b>
<b>Fund balances:</b>			
<b>Reserved:</b>			
For inventories	785,227	-	785,227
For prepaids	2,700	54,069	56,769
For encumbrances	2,042,958	443,492	2,486,450
For housing partnership	-	2,491,093	2,491,093
For employee paid health benefits	5,768,547	-	5,768,547
By state statute	6,929,359	984,069	7,913,428
For perpetual care	-	5,000	5,000
<b>Unreserved, reported in:</b>			
<b>General fund</b>			
Designated for subsequent year's budget	50,000	-	50,000
Designated for capital projects	2,238,581	-	2,238,581
Designated for law enforcement special separation allowance	3,150,445	-	3,150,445
Designated for affordable housing	-	-	-
<b>Undesignated:</b>			
General fund	11,836,758	-	11,836,758
Special revenue funds	-	(54,069)	(54,069)
Capital project funds	-	613,451	613,451
<b>Total fund balances</b>	<b>32,804,575</b>	<b>4,537,105</b>	<b>37,341,680</b>
<b>Total liabilities and fund balances</b>	<b>\$ 37,025,144</b>	<b>\$ 9,906,203</b>	

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	192,590,745
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,572,992
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	(31,262,412)
Other accrual adjustments that do not require current financial resources and therefore, are not reported in fund statements.	(178,292)

Net assets of governmental activities	<u>\$ 203,064,713</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES,**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Exhibit D**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes:			
Ad valorem taxes	\$ 35,178,460	\$ -	\$ 35,178,460
Other taxes	16,081,026	-	16,081,026
Intergovernmental	10,700,070	4,174,616	14,874,686
Licenses and permits	4,676,733	-	4,676,733
Charges for services	8,187,547	-	8,187,547
Private donations	-	561,718	561,718
Investment earnings	642,449	21,413	663,862
Miscellaneous	431,345	889,021	1,320,366
Total revenues	<u>75,897,630</u>	<u>5,646,768</u>	<u>81,544,398</u>
<b>EXPENDITURES</b>			
Current:			
General government	12,167,388	141,395	12,308,783
Public safety	30,963,917	173,865	31,137,782
Public works	10,977,284	1,598,509	12,575,793
Human services	70,000	5,111,004	5,181,004
Planning	1,502,578	850	1,503,428
Engineering	1,924,457	-	1,924,457
Culture and recreation	5,800,552	2,541,505	8,342,057
Debt service:			
Principal	3,670,426	150,000	3,820,426
Interest	1,212,583	-	1,212,583
Total expenditures	<u>68,289,185</u>	<u>9,717,128</u>	<u>78,006,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,608,445</u>	<u>(4,070,360)</u>	<u>3,538,085</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	-	3,547,407	3,547,407
Transfer out	(5,488,689)	-	(5,488,689)
Sale of capital assets	96,803	-	96,803
Total other financing sources and (uses)	<u>(5,391,886)</u>	<u>3,547,407</u>	<u>(1,844,479)</u>
Net change in fund balances	2,216,559	(522,953)	1,693,606
Fund balances - beginning (as restated)	30,588,016	5,060,058	35,648,074
Fund balances - ending	<u>\$ 32,804,575</u>	<u>\$ 4,537,105</u>	<u>\$ 37,341,680</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Exhibit E**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds (Exhibit D)	\$ 1,693,606
Depreciation expense is not a use of current financial resources and therefore, is not reported in the governmental fund statements.	(13,213,968)
Capital asset additions are a use of current financial resources and therefore, are not reported as expenditures in the governmental fund statements.	5,219,561
Contribution of capital assets	299,001
Proceeds from sale of capital assets	(96,803)
Gain on sale of capital assets	96,803
Net change in accrued interest payable	33,918
Property tax revenue and other revenues in the statement of activities that do not provide current financial resources and, therefore, are deferred in the fund statements	(587,928)
Proceeds from long-term debt that provides current financial resources and are reported as other financing sources in the fund statements.	
Debt service payments use current financial resources and are reported in the governmental fund statements but are a reduction in a liability on the government-wide statements.	3,820,426
Adjustments to other long-term obligations that do not require current financial resources and therefore, are not reported as expenditures in the governmental fund statements:	
Accrued vacation	13,239
Estimated claims incurred but not reported	617,412
Unfunded pension obligation	(98,585)
Change in net assets of governmental activities (Exhibit B)	<u>\$ (2,203,318)</u>

The notes to the financial statements are an integral part of this statement.



**CITY OF ASHEVILLE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

**Exhibit F**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ 34,582,873	\$ 34,582,873	\$ 35,178,460	\$ 595,587
Local option sales tax	13,670,706	14,058,741	14,544,576	485,835
Payments in lieu of taxes	1,228,616	1,228,616	1,265,426	36,810
Other taxes	225,000	225,000	271,024	46,024
Intergovernmental	9,629,496	10,091,106	10,700,070	608,964
Licenses and Permits	4,713,870	4,713,870	4,676,733	(37,137)
Charges for services	7,049,340	7,300,215	8,187,547	887,332
Investment earnings	352,500	417,500	642,449	224,949
Miscellaneous	204,875	428,965	431,345	2,380
Total revenues	<u>71,657,276</u>	<u>73,046,886</u>	<u>75,897,630</u>	<u>2,850,744</u>
<b>EXPENDITURES</b>				
Current:				
General government	12,066,235	13,341,922	12,167,388	1,174,534
Public safety	30,385,959	31,590,054	30,963,917	626,137
Public works	11,329,619	11,517,877	10,977,284	540,593
Human services	75,500	73,750	70,000	3,750
Planning	1,525,708	1,552,757	1,502,578	50,179
Engineering	2,148,586	2,432,093	1,924,457	507,636
Culture and recreation	5,642,848	6,024,047	5,800,552	223,495
Debt service:				
Principal	3,648,989	3,659,632	3,670,426	(10,794)
Interest and fees	1,724,398	1,236,568	1,212,583	23,985
Total expenditures	<u>68,547,842</u>	<u>71,428,700</u>	<u>68,289,185</u>	<u>3,139,515</u>
Excess of revenues over expenditures	<u>3,109,434</u>	<u>1,618,186</u>	<u>7,608,445</u>	<u>5,990,259</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	45,000	2,368,351	-	(2,368,351)
Transfers out	(4,657,434)	(5,489,537)	(5,488,689)	848
Long-term debt issued	1,468,000	1,468,000	-	(1,468,000)
Sale of capital assets	35,000	35,000	96,803	61,803
Total other financing sources and (uses)	<u>(3,109,434)</u>	<u>(1,618,186)</u>	<u>(5,391,886)</u>	<u>(3,773,700)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,216,559</u>	<u>\$ 2,216,559</u>
Fund balance - beginning (as restated)			30,588,016	
Fund balance - ending			<u>\$ 32,804,575</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2005**

**Exhibit G**

<b>ASSETS</b>	<b>Water Resources</b>	<b>Nonmajor Enterprise Funds</b>	<b>Totals</b>
<b>Current assets:</b>			
Cash and investments	\$ 13,675,503	\$ 1,064,493	\$ 14,739,996
Accounts receivable (net of allowance for uncollectables)	4,780,397	255,265	5,035,662
Intergovernmental receivable	177,617	112,859	290,476
Inventories	-	64,361	64,361
Prepays	-	100,592	100,592
Restricted cash and investments	10,256,867	989,444	11,246,311
Total current assets	<u>28,890,384</u>	<u>2,587,014</u>	<u>31,477,398</u>
<b>Noncurrent assets:</b>			
Capital assets			
Land	4,271,913	4,886,325	9,158,238
Buildings and improvements	59,114,489	20,335,723	79,450,212
Machinery and equipment	6,315,310	6,070,759	12,386,069
Water system/sewer system	91,642,758	-	91,642,758
Construction in progress	3,218,440	965,436	4,183,876
Total capital assets	164,562,910	32,258,243	196,821,153
Accumulated depreciation	(45,094,136)	(17,220,720)	(62,314,856)
Net capital assets	119,468,774	15,037,523	134,506,297
Unamortized debt issuance cost	979,240	31,467	1,010,707
Total noncurrent assets	<u>120,448,014</u>	<u>15,068,990</u>	<u>135,517,004</u>
Total assets	<u>149,338,398</u>	<u>17,656,004</u>	<u>166,994,402</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	929,984	210,990	1,140,974
Customer deposits	416,468	500	416,968
Accrued interest payable	983,931	53,810	1,037,741
Other accrued expenses	100,304	-	100,304
Due to other governmental units	2,887,293	-	2,887,293
Due to other funds	-	838,540	838,540
Bonds payable	2,641,300	-	2,641,300
Installment purchase contracts	-	505,000	505,000
Compensated absences	264,216	75,077	339,293
Unearned revenues	-	361,377	361,377
Total current liabilities	<u>8,223,496</u>	<u>2,045,294</u>	<u>10,268,790</u>
<b>Noncurrent liabilities:</b>			
Bonds payable	49,837,813	-	49,837,813
Installment purchase contracts	-	1,105,001	1,105,001
Unamortized bond premiums	22,472	-	22,472
Total noncurrent liabilities	<u>49,860,285</u>	<u>1,105,001</u>	<u>50,965,286</u>
Total liabilities	<u>58,083,781</u>	<u>3,150,295</u>	<u>61,234,076</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	66,982,416	13,297,649	80,280,065
Unrestricted	24,272,201	1,208,060	25,480,261
Total net assets	<u>\$ 91,254,617</u>	<u>\$ 14,505,709</u>	<u>\$ 105,760,326</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Exhibit H**

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 22,847,966	\$ 3,555,319	\$ 26,403,285
Rents	8,973	978,085	987,058
Concessions	-	855,075	855,075
Miscellaneous revenues	66,526	241,800	308,326
Total operating revenues	<u>22,923,465</u>	<u>5,630,279</u>	<u>28,553,744</u>
<b>OPERATING EXPENSES</b>			
Cost of merchandise sold	-	273,669	273,669
Administration	14,365,324	7,390,746	21,756,070
Depreciation	3,832,185	894,731	4,726,916
Total operating expenses	<u>18,197,509</u>	<u>8,559,146</u>	<u>26,756,655</u>
Operating income (loss)	<u>4,725,956</u>	<u>(2,928,867)</u>	<u>1,797,089</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Operating grants	742,862	1,792,482	2,535,344
Interest earned	250,971	59,393	310,364
Interest expense	(2,896,086)	(160,472)	(3,056,558)
Gain on sale of capital assets	32,462	2,087	34,549
Total nonoperating revenues (expenses)	<u>(1,869,791)</u>	<u>1,693,490</u>	<u>(176,301)</u>
Income before transfers and capital contributions	2,856,165	(1,235,377)	1,620,788
Transfers in/out:			
Transfers from General Fund	-	1,941,282	1,941,282
Donated assets	1,907,301	-	1,907,301
Capital contributions	223,153	-	223,153
Changes in net assets	<u>4,986,619</u>	<u>705,905</u>	<u>5,692,524</u>
Total net assets - beginning	86,267,998	13,799,804	100,067,802
Total net assets - ending	<u>\$ 91,254,617</u>	<u>\$ 14,505,709</u>	<u>\$ 105,760,326</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

**Exhibit I**

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 22,843,923	\$ 5,511,885	\$ 28,355,808
Cash paid for goods and services	(9,165,111)	(5,951,804)	(15,116,915)
Cash paid to employees	(4,748,803)	(1,821,118)	(6,569,921)
Net cash provided by (used for) operating activities	<u>8,930,009</u>	<u>(2,261,037)</u>	<u>6,668,972</u>
<b>Cash flows from non-capital financing activities:</b>			
Grants received	-	3,107,854	3,107,854
Transfers received from other funds	-	1,941,282	1,941,282
Advances received from other funds	-	(511,242)	(511,242)
Net cash provided by non-capital financing activities	<u>-</u>	<u>4,537,894</u>	<u>4,537,894</u>
<b>Cash flows from capital and related financing activities:</b>			
Receipts from capital grants or contributions	981,139	-	981,139
Acquisition and construction of capital assets	(4,586,382)	(204,901)	(4,791,283)
Previously capitalized assets reclassified to noncapital expenses	-	(22,437)	(22,437)
Principal paid on debt	(2,824,675)	(503,018)	(3,327,693)
Interest paid on debt	(2,792,213)	(160,941)	(2,953,154)
Proceeds from sale of capital assets	42,669	2,087	44,756
Net cash used for capital and related financing activities	<u>(9,179,462)</u>	<u>(889,210)</u>	<u>(10,068,672)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments, net	(347,201)	-	(347,201)
Interest earned	250,971	59,393	310,364
Net cash provided by investing activities	<u>(96,230)</u>	<u>59,393</u>	<u>(36,837)</u>
Net increase in cash and cash equivalents	(345,683)	1,447,040	1,101,357
Cash and cash equivalents:			
Beginning of year, July 1	21,256,068	606,897	21,862,965
End of year, June 30	<u>\$ 20,910,385</u>	<u>\$ 2,053,937</u>	<u>\$ 22,964,322</u>

(Continued)

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	<u>\$ 4,725,956</u>	<u>\$ (2,928,867)</u>	<u>\$ 1,797,089</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	3,832,185	894,731	4,726,916
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	31,369	(213,992)	(182,623)
(Increase) in inventories	(177,617)	(3,345)	(180,962)
Decrease in prepaids	-	12,459	12,459
(Increase) decrease in other accrued expenses	-	(2,530)	(2,530)
Increase (decrease) in accounts payable	270,219	(127,385)	142,834
(Decrease) in unearned revenues	21,732	95,598	117,330
Increase in accrued compensated absences	2,116	12,294	14,410
Increase in due to other governmental units	157,342	-	157,342
Increase in customer deposits	66,707	-	66,707
Total adjustments	<u>4,204,053</u>	<u>667,830</u>	<u>4,871,883</u>
Net cash provided by (used for) operating activities	<u>\$ 8,930,009</u>	<u>\$ (2,261,037)</u>	<u>\$ 6,668,972</u>
<b>Reconciliation of cash and cash equivalents:</b>			
Cash and investments:			
Unrestricted	\$ 13,675,503	\$ 1,113,560	\$ 14,789,063
Restricted	10,256,867	940,377	11,197,244
Total cash and investments	23,932,370	2,053,937	25,986,307
Less: Investments	3,021,985	-	3,021,985
Cash and cash equivalents	<u>\$ 20,910,385</u>	<u>\$ 2,053,937</u>	<u>\$ 22,964,322</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

**CITY OF ASHEVILLE**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**JUNE 30, 2005**

**Exhibit J**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$     138,420
Total assets	<u>\$     138,420</u>
<b>LIABILITIES</b>	
Accounts payable	\$     138,420
Total liabilities	<u>\$     138,420</u>

The notes in the financial statements are an integral part of this statement.